



COUNCIL ON VIRGINIA'S FUTURE

2006 Agenda

October 2006

Council on Virginia's Future Membership - 2006

The Honorable Timothy M. Kaine, Chairman

Governor, Commonwealth of Virginia

Mr. John O. (Dubby) Wynne, Vice Chairman

President & CEO (retired)

Landmark Communications

General Assembly Members

The Honorable Vincent F. Callahan, Jr.

Chairman, Appropriations Committee

Virginia House of Delegates

The Honorable John H. Chichester

President Pro Tempore

Chairman, Finance Committee

Senate of Virginia

The Honorable H. Morgan Griffith

Majority Leader

Virginia House of Delegates

The Honorable Franklin P. Hall

Minority Leader

Virginia House of Delegates

The Honorable William J. Howell

Speaker of the House

Virginia House of Delegates

The Honorable Richard L. Saslaw

Minority Leader

Senate of Virginia

The Honorable Walter A. Stosch

Majority Leader

Senate of Virginia

The Honorable William C. Wampler, Jr.

Member, Finance Committee

Senate of Virginia

Citizen & Business Community Members

Ms. Marjorie M. Connelly

COO & President, Business Services Group

Wachovia Securities.

The Honorable William D. Euille

Mayor

City of Alexandria

Mr. W. Heywood Fralin

CEO & President

Medical Facilities of America, Inc.

Mr. James F. McGuirk, II

President

AKLM Consulting, Inc.

Dr. Edward G. Murphy

President & CEO

Carilion Health System

Mr. Michael J. Schewel

Partner

McGuireWoods LLP

Cabinet Members

The Honorable Aneesh P. Chopra

Secretary of Technology

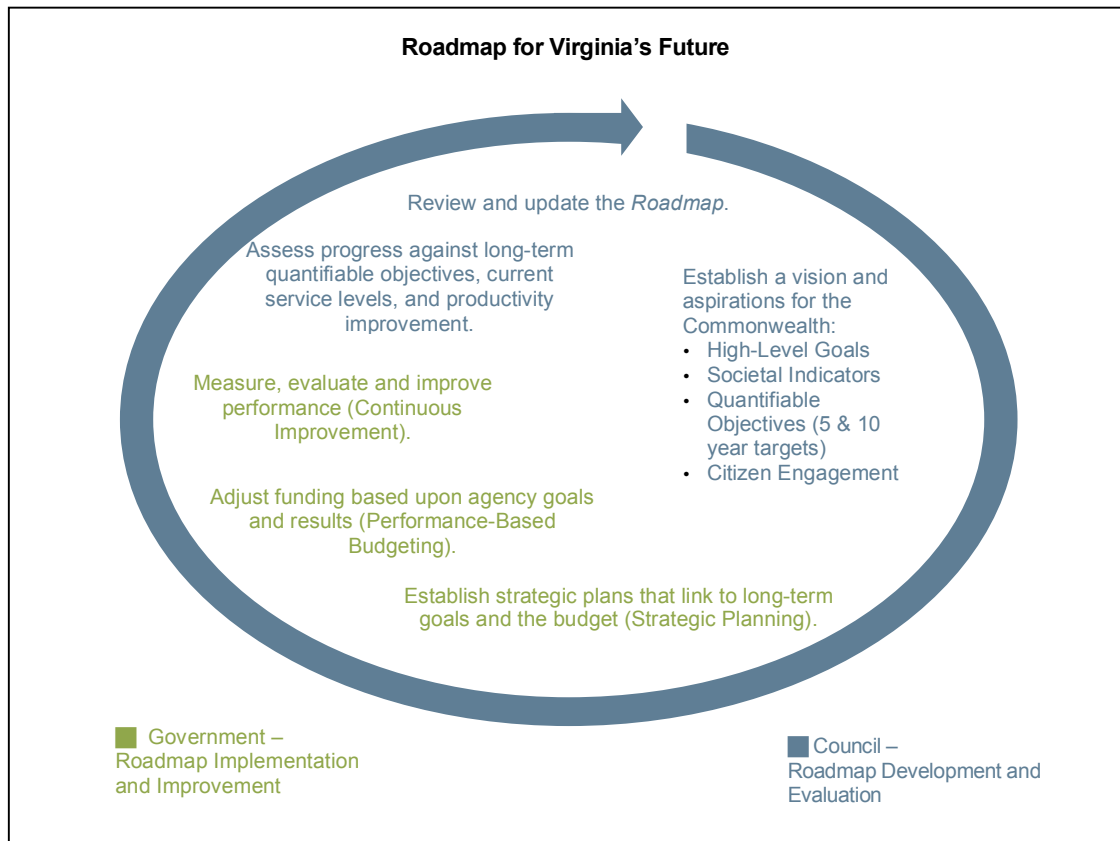
The Honorable Jody M. Wagner

Secretary of Finance

Council on Virginia's Future

Background

The Council on Virginia's Future was established pursuant to House Bill 2097 of the 2003 General Assembly. The Council's purpose is to advise the Governor and the General Assembly on the implementation of the *Roadmap for Virginia's Future* process. The purpose encompasses several factors – providing a long-term focus on high priority issues, creating an environment for improved policy and budget decision-making, increasing government accountability and transparency, improving government performance, and engaging citizens in dialogue about Virginia's future. The *Roadmap* is shown below. The vision and long-term goals are provided on page 2. The Council's annual report – *The Virginia Report (Report Document No. 30)* – provides a comprehensive review of the Council's work.



Vision & Long-Term Goals

Vision for Virginia's Future

Building on a centuries-old heritage of leadership, achievement and commitment to the success of all its citizens, and with an abiding commitment to the rich historic and natural resources of this Commonwealth, we aspire to responsibly grow our economy to provide an enviable quality of life. To do so, we must ensure an attractive business environment, challenging and rewarding jobs reflective of a changing marketplace, and strong growth in personal income throughout all regions in the Commonwealth.

We aspire to increase the levels of educational preparedness and attainment of our citizens throughout all regions in the Commonwealth because an educated, well-trained citizenry, committed to lifelong learning, provides the greatest opportunity to responsibly grow our economy.

We have a responsibility to be the best-managed state in the country. To do so, we must have a focused vision, and a fiscally responsible system that provides clear, measurable objectives, outcomes and accountability, and that attracts, motivates, rewards and retains an outstanding state workforce.

We aspire to have an informed and engaged citizenry so that our citizens can provide knowledgeable input to shape the vision of the Commonwealth, identify appropriate service levels and assess progress.

Long-Term Goals

- Be recognized as the best-managed state in the nation.
- Be a national leader in the preservation and enhancement of our economy.
- Elevate the levels of educational preparedness and attainment of our citizens.
- Support Virginians toward healthy lives.
- Inspire strong and resilient families.
- Protect, conserve and wisely develop our natural, historical and cultural resources.
- Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.
- Ensure that Virginia has a transportation system that is safe, enables easy movement of people and goods, enhances the economy and improves our quality of life.

Scope of Work

Since 2003, Virginia has established a preliminary vision, broad goals to support the vision, and a comprehensive strategic planning process that integrated four independent planning processes and provided a mechanism for state agencies to link their activities to the broad goals of the Council.

While continuation of the journey toward full implementation will require review and refinement of each element of the *Roadmap*, the future scope of work will be approached using the three components of the scorecard mandated in the Council's enabling legislation: progress against long-term quantifiable objectives, productivity improvement, and service performance.

A recap of the Council's recent accomplishments, and an overview of the Council's work plan are provided on the following page. Detailed descriptions of the elements of the Council's work plan follow, starting on page 4.

RECAP: January 2005 – September 2006

Progress Against Long-Term Goals

- A project was launched to develop a performance website for use in policymaking, budget decision-making, issue analysis, and monitoring progress against long-term, quantifiable objectives.
- A business climate survey was launched that will provide data for economy-related societal indicators.
- The Council held the first Futures Forum in November 2005 to engage the public in discussions about human capital development in the Commonwealth.
- A preliminary model was developed for regional ownership and commitment to improving regional results and performance. The model is being piloted in Roanoke and Hampton Roads.

Service Performance

- Agencies submitted strategic plans and service area plans in a consistent format and posted their plans on their websites.
- A link between agency plans and budgets was established to facilitate performance-based budgeting.
- All agencies identified key objectives and associated measures for use by the Governor to monitor service performance.
- The *Appropriation Act* and *Budget Document* were revised to reflect agency planning and performance measurement information and a new service structure.

Productivity Improvement

- Existing reengineering projects continued.
- Several new reengineering initiatives were launched and funded to improve state government efficiency and effectiveness.

Plans At A Glance

Progress Against Long-Term Goals

- Information from the performance website (vaperforms.virginia.gov) will be used to help set 5-year and 10-year quantifiable objectives and to monitor progress.
- Technical and data content development for the website, *Virginia Performs*, continues. Custom reporting capabilities are added.
- Approaches for engaging the public in dialogue about Virginia's future will be studied, including alternate approaches for the next Futures Forum.
- The regional pilots in Roanoke and Hampton Roads will be completed, along with an analysis of the value and impact of the approach.

Service Performance

- New key objectives and agency performance measures will be used to assess service performance and help make budget decisions.
- Performance budgeting will be fully integrated into planning, decision-making and agency management processes
- Government transparency will be improved as a result of the implementation of the performance website and posting of agency strategic plans on their websites.

Productivity Improvement

- \$3.5 million was provided in 2007 and \$1.0 million in 2008 for productivity improvement initiatives.
- An enterprise reengineering and productivity improvement initiative is developed and implementation begins. The initiative contains a center of excellence, a collaborative investment fund and an enterprise project management office.
- Additional enterprise efficiency and effectiveness projects are developed. These five projects will focus on core business systems, operating efficiencies and reducing the time required for certain citizen- and business-government transactions.

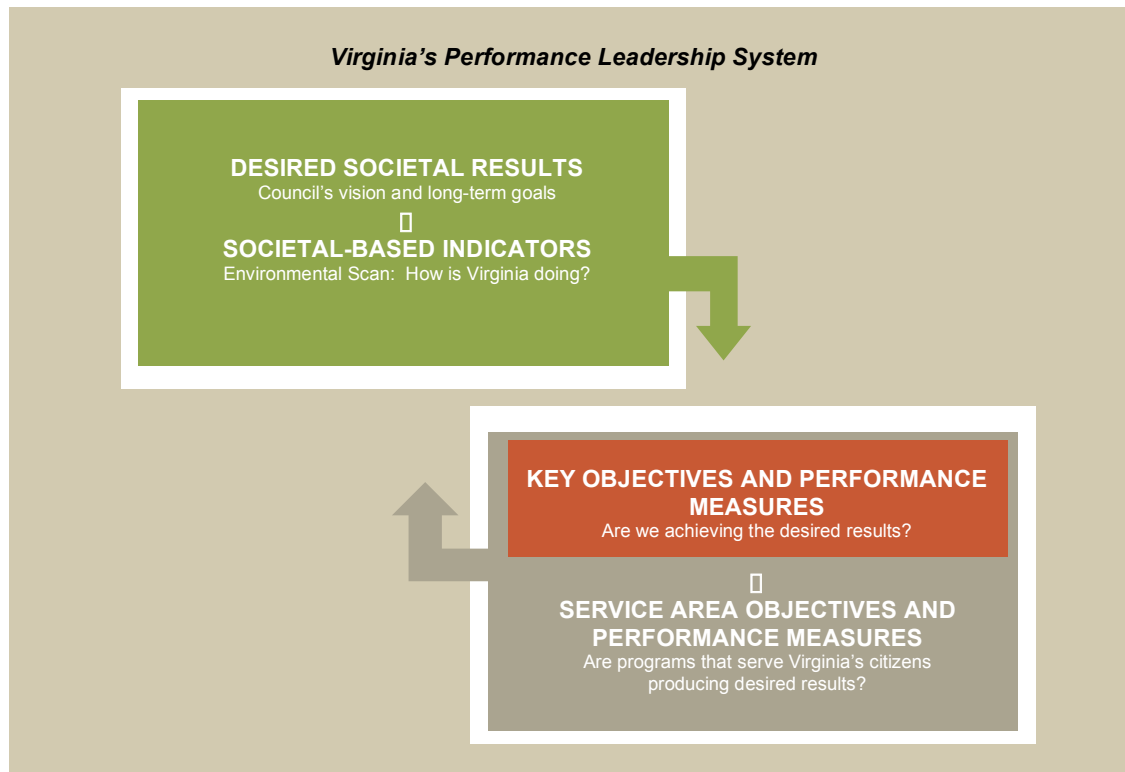
Evaluation

- A Roadmap evaluation and improvement process will be developed.

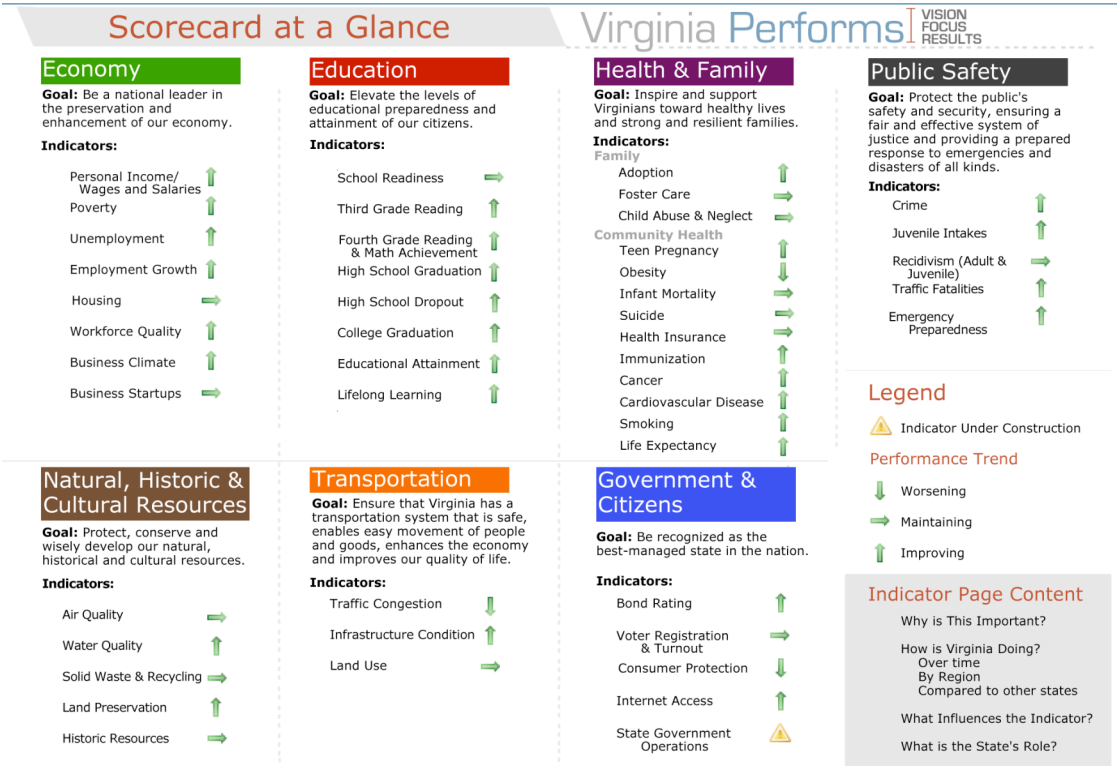
Progress Against Long-Term Objectives

As depicted in the diagram below, the vision and long-term goals developed by the Council describe desired societal results for Commonwealth. The Council will use the vision and long-term goals to drive changes that will benefit the citizens of the Virginia and improve the effectiveness and efficiency with which state government operates. Although state government cannot always significantly influence societal outcomes on its own, it is important that we monitor these outcomes to ensure we can answer the question, “How is Virginia doing?” It is equally important that we understand the depth and nature of our influence on societal outcomes and work in partnership with others to improve the outcomes that Virginia’s citizens view as critical to our quality of life.

Approximately 50 societal indicators and selected agency measures will be used to monitor how Virginia is progressing in achieving the goals. In addition, they will be used to establish specific, quantifiable five- and ten-year performance targets to be addressed at an enterprise level.



The Council is developing an information system and website (vaperforms.virginia.gov) to track performance. The system will support aggregation, comparison and analysis of the performance data over time, within geographic boundaries of the Commonwealth and with other states. The performance information website will present data for a comprehensive set of performance indicators for both societal (quality-of-life) outcomes and performance (programmatic) outcomes. The societal indicators that have been developed or are in the process of being developed are listed in the chart below.



Productivity Improvement

During the past four years, the Commonwealth has undertaken several projects aimed at improving efficiency and effectiveness. The first phase of projects targeted enterprise-level activities such as real estate management, receivables, IT infrastructure (VITA), and purchasing (eVA). In addition, the Council sponsored a number of agency-specific re-engineering efforts, including a new Amber Alert System for the State Police and a Recruitment Management System for the Department of Human Resources Management.

These initiatives, along with many ongoing agency-initiated improvement efforts, will eventually save the Commonwealth hundreds of millions of dollars in operating costs. While this is an impressive achievement, it will not be enough to offset rapidly rising costs driven by increasing personnel costs, especially health care expenses, entitlement spending and mandated expenditures, and a growing population demanding improved services. To meet this challenge the Commonwealth needs to improve the way it manages its productivity improvement efforts.

The Council has recommended that an improved system should include a high-level locus of responsibility for enterprise improvement efforts. This “Office of Enterprise Business Solutions” (as it could be named), should include three key elements:

- *Center of Excellence*: This would establish a vehicle to develop performance benchmarks, a common language for change management, more effective organizational and personal incentives for change, best-practice process improvement tools and techniques, and improved training for mid-level and executive managers.
- *Collaborative Investment Fund*: This would be an operations “SWAT” team that would surface, evaluate and implement enterprise operational solutions. The goal is to build a portfolio of both agency-specific and inter-agency improvement projects that are driven by the needs of the enterprise and include “top-down” opportunities and “agency-driven” collaborations.
- *Enterprise Project Management Office*: This would align all agency-specific and enterprise-wide projects to a broader Commonwealth strategy; it would track overall investments and results.

In response, the 2006 General Assembly appropriated \$3.5 million for 2007 and \$1.0 million in the second year of the biennium to create a standardized approach to enterprise change management and to launch new reengineering projects. The Governor has directed that projects focus primarily on reducing transaction times for citizens and businesses in their dealings with government. Cost savings and quality improvements will emerge as waste is removed from business processes.

Five initiatives are underway or being developed in three broad categories:

- Core business systems: The Enterprise Architecture project will re-engineer core business applications. Also planned is a review of document imaging and records management.
- Reducing transaction times: A one-stop portal will be created for businesses to reduce the time and complexity involved in getting licenses, filing for permits, paying bills, etc. A second project will develop an approach for the coordinated presentation of benefits and programs for veterans.

- Inter-agency efficiency and effectiveness: A number of health-related service organizations are coming together to develop a coordinated approach for new electronic health care systems in order to improve services to joint clients and to reduce overall development costs.

Plans are in place to utilize the private sector in new ways in order to bring to bear the highest level of project development and management expertise available. An advisory group of private sector leaders, including members of the Council, will provide guidance for the overall effort. Where possible, private sector project management experts will be offered short-term assignments to help develop and initiate re-engineering projects. Finally, project managers will be hired from the outside for two- to three-year project management assignments to lead larger projects through their entire life cycle.

Service Performance

The development of a new planning and budgeting system began late in 2004 with an examination of the system in use at that time. The challenges of the old system included variation in how planning was done across agencies, differences in planning language, and planning and budgeting processes that were not integrated. The Department of Planning & Budget (DPB) created a new service area structure to replace the program structure formerly used in the budget. The service area structure serves as the new “taxonomy” used for budgeting, accounting and planning. These and other changes produced a significant shift in how planning occurs at the agency level.

- All agencies have strategic plans as well as plans for each of the agency’s service areas that provide programs to constituents or provide the management mechanisms to run the agency.
- Agency strategic plans follow a consistent format that includes information on the agency’s mission, customer base, products and services, statutory authority, and strategic goals. The agency strategic plan provides an executive progress report that highlights challenges, improvements and the agency’s focus for the future.
- Service area plans provide the link to the budget. They outline the budget, objectives, measures, baseline performance and performance targets for the service area. This enables agency leaders and other decision makers to examine an agency’s intentions and the budget allocated to support their achievement and make comparisons to reported results.
- Agency key objectives and targets are being identified and refined in order to sharpen the enterprise view of progress on improving effectiveness, customer service, and critical outcomes.

Ongoing refinements of the planning and budgeting are necessary and fall under the purview of the executive branch. The Council’s role will be to assess progress and provide guidance for ongoing improvement.

Next Steps

The focus for the remainder of 2006 will be on launching the performance website, use of metrics at all levels for improving performance management, assessing the *Roadmap*, and refining a new approach to enterprise productivity improvement. In addition to working group meetings, the full Council will meet on October 30th and December 15, 2006. The Council's workgroup will meet on November 14th.

Other Activities & Council Publications

The Council is also working on three activities that were initiated in 2005.

Futures Forum

The purpose of the futures forums is to foster dialogue on high-priority issues for Virginia's future and create a mechanism to address the issue at the regional level. The Council and its co-sponsors convened the inaugural forum on November 30, 2005 before an audience of 150 of Virginia's top leaders. The theme was *Competing in the 21st Century: Moving Virginia's Human Capital Meter*. The forum highlighted the critical importance of educational attainment and skills acquisition to economic prosperity and presented three approaches for developing the Commonwealth's human capital policies. The Council, in conjunction with Virginia Tech, is now researching approaches for forums of this nature in order to adopt the best possible practice for future dialogue and citizen engagement.

Regional Pilots

While the state can drive many changes for the Commonwealth, regional ownership of many issues is vital. Thus, a process for facilitating change at a regional level is being developed and piloted in Roanoke and Hampton Roads. The process will address the following elements: how to set a vision for a region; how to use data for goal identification and strategy mapping; how to establish a results accountability system (metrics) for measuring and monitoring results; how to partner with a university/college for the provision of analyses necessary to create regionally-specific break out strategies for accomplishing goals; how to create a scorecard to critique results and movement towards the vision; and how to continuously improve performance.

Business Climate Survey

The recent release of a business climate ranking published by Forbes presents an opportunity to review how a Virginia-specific qualitative survey can be combined with a nationally recognized data-driven index ranking to measure Virginia's business climate. An initial survey of businesses will provide an assessment of the current business climate and validate a framework for developing or selecting an existing index – such as the Forbes climate index – that could usefully track Virginia's business climate and help to identify key policy issues and opportunities for improvement. Person-to-person interviews will identify the business climate factors that are either critical to success or barriers to growth. The next step will be a broader survey to complete the definition of the Virginia business climate indicators.

NOTES



Council on Virginia's Future

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